

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF HAWAII

UNITED STATES OF AMERICA,)	CR. NO. 02-00438 DAE
)	
Plaintiff,)	
)	
vs.)	
)	
AARON A. RUTLEDGE,)	
ANTHONY A. RUTLEDGE, SR.,)	
a/k/a "TONY" RUTLEDGE,)	
STAR-BEACHBOYS, INC.,)	
)	
Defendants.)	
_____)	

ORDER DENYING RUDY L.K. TAM AND INVESTMENT GROUP, LLC'S
FIRST AMENDED OBJECTION TO STIPULATED PROPOSED ORDER
DISCHARGING THE RECEIVER

On June 2, 2006, this Court signed a stipulated proposed order ("Discharge Order") to discharge the court appointed receiver, EG&G Technical Services, Inc., and its agent, Anthony Pounders ("Receiver"), from any further involvement with this case and the management of Unity House, Inc. The Discharge Order contained a number of provisions including, *inter alia*, a finding that the Receiver is entitled to absolute judicial immunity with respect to its actions in connection with its role as the court appointed receiver.

On June 23, 2006, Rudy Tam and Investment Group, LLC (“Tam”) filed the instant Objection to Stipulated Proposed Order Discharging the Receiver Filed on June 5, 2006. The objection relates to the following background facts.

As part of its duty as receiver, EG&G Technical Services, on behalf of Unity House, Inc., brought suit against Tam to recover monies allegedly owed to Unity House as a result of Tam’s alleged malfeasance and misappropriation of funds related to the Lokahi Greens Development and the Val Hala Apartments project. Unity House, Inc. v. Rudy L.K. Tam et al., Cv. No. 05-1-2218-12) (Cir. Ct. of the First Cir., Haw. 1995). In connection with this suit, Tam filed a motion for Rule 11 Sanctions against Unity House stating that the Receiver and its counsel brought suit against Tam without reasonable inquiry. Tam claims that it incurred substantial costs in defending what it contends is a frivolous suit, and therefore objects to any language in the Discharge Order that would insulate the Receiver from any sanctions award that the state court may issue in connection with the litigation.

Subsequent to Tam’s objections, the state court dismissed the action with prejudice, but denied Tam’s request for Rule 11 and/or other sanctions. Therefore, Tam cannot obtain sanctions against the Receiver, thereby rendering its objection moot.

CONCLUSION

For the reasons stated above, the Court hereby DENIES Rudy Tam and Investment Group, LLC's ("Tam") Objection to Stipulated Proposed Order Discharging the Receiver Filed on June 5, 2006.

IT IS SO ORDERED.

DATED: Honolulu, Hawaii, October 25, 2006.





David Alan Ezra
United States District Judge

United States of America vs. Aaron A. Rutledge, et al., CR. No. 02-00438 DAE;
ORDER DENYING RUDY L.K. TAM AND INVESTMENT GROUP, LLC'S
OBJECTIONS TO STIPULATED PROPOSED ORDER DISCHARGING THE
RECEIVER